

HOW WOULD PROPERTY TAX PERCENTAGES WORK?

Based on the following assumptions:

1. Centrally assessed value of transmission line is 1 million dollars per mile (estimate on MATL line)
2. Based on 500 mill rate
3. Each one per cent in rate would be \$5000 in taxes per mile annually
4. An entity would be allowed to receive a rate 1 percentage point LESS for all the linear length of properties it acquires by voluntary property agreements
5. An entity would pay a rate 3 percentage points more than the current Class 9 rate (12 + 3) for all the linear length of properties it acquires by the entering the process of Eminent Domain
6. Currently, entities say they use Eminent Domain to acquire property for less than 3% of all cases, but for this example we will use the rate of 5% for these purposes

For a 100 mile line, if an entity receives a 1% decrease in tax rate it would save \$500,000 in annual taxes per 100 mile stretch of line

- A. If an entity acquires voluntary property agreements for 95% of the length of the line, the company would receive annual tax savings of \$475,000 for the 100 mile stretch of line. (95 miles X \$5000)

Even if the entity used Eminent Domain for the other 5% of the properties on the line (above the rate they say they use for Eminent Domain) their additional cost for that in annual taxes would be \$300,000 (5 miles times \$5000 times 12 percentage points)

The entities' annual tax savings would be **\$175,000** per year for that 100 mile stretch.

Remember, under this statute, that if the entity acquires voluntary property agreements with property owners for 97% of the length of the line, they will receive the lowest rate available for the ENTIRE length of the line.

Additionally, the entity would receive the lowest rate available even if they went to Eminent Domain with a property owner and, as a result of the court proceedings; the court awarded an amount of compensation less than the Final Written Offer.

Current Class 9 rate	12%
Current Class 14 renewable energy rate	3%